

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
SSM-03 SOE-02 AID-05 CEA-01 COME-00 EB-08 DOE-11
INT-05 OMB-01 OES-07 STR-07 TRSE-00 ACDA-12 IO-13
/134 W

-----032786 251129Z /20

R 241840Z FEB 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 5949
INFO AMEMBASSY TEL AVIV

C O N F I D E N T I A L CAIRO 06032

E.O. 11652: GDS
TAGS: PFOR, ENRG, EG, IS
SUBJ: SINAI RESOURCES - FURTHER EGYPTIAN VIEWS

REF: (A) CAIRO 3308, (B) CAIRO 5069

1. MFA LEGAL DIRECTOR NABIL ELARABY REQUESTED EMBOFFS TO CALL FEBRUARY 23 TO DISCUSS ISRAELI EXPLORATION/PRODUCTION IN SINAI AND GULF OF SUEZ. ELARABY EXPLAINED THAT THERE WAS THOUGHT BEING GIVEN TO PUBLIC WARNING OF COMPANIES AGAINST COOPERATION WITH ISRAEL IN OCCUPIED EGYPTIAN TERRITORY. SOME FAVOR A PUBLIC NOTICE PUBLISHED IN NEWS-PAPERS. ELARABY SAID HE LEANS TOWARD A NOTE TO UNSYG WHICH WOULD BE CIRCULATED TO UN MEMBERS. ELARABY DID NOT MAKE ANY SPECIFIC CONNECTION BETWEEN RECENT ISRAELI DISCOVERY (AND IMMINENT PRODUCTION START-UP) IN GULF OF SUEZ AND THOUGHT OF PUTTING INTERNATIONAL COMMUNITY ON NOTICE, BUT IT SEEMED EVIDENT THAT THIS IS WHAT HAS PROMPTED CONSIDERATION OF IDEA. HE SAID THAT "OF COURSE" EGYPT WILL ASK FOR COMPENSATION FOR OIL PRODUCED FROM ALMA
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SITES. ELARABY ASKED IF WE KNEW NAMES OF ANY COMPANIES (OTHER THAN "MONCRIEF") WHICH ARE INVOLVED. EMBOFFS ANSWERED IN NEGATIVE.

2. THE ABOVE LED TO DISCUSSION OF EGYPTIAN POSITION RE COOPERATION WITH ISRAEL IN EXPLORATION/PRODUCTION OF RESOURCES IN SINAI. (EMBOFFS NOTED PRESIDENT SADAT'S

REMARKS IN PRESS AND MINPET HILAL'S RECENT TALK WITH DCM.)
ELARABY EXPLAINED THAT POLICY IN THIS SPECIFIC AREA IS
GUIDED BY TWO PRINCIPLES WHICH GOE HAS ESTABLISHED FOR
NEGOTIATING PEACE AGREEMENT WITH ISRAEL. FIRST, EGYPT
DOES NOT WANT TO INCLUDE ANY CONTRACTUAL ARRANGEMENTS
NOT DIRECTLY RELATED TO WITHDRAWAL AND REESTABLISHMENT OF
INTERNATIONAL BORDERS IN PEACE TREATY ITSELF. GOE DOES
NOT WANT TO CREATE SITUATION WHERE DISAGREEMENT ON A
PERIPHERAL ISSUE COULD LEAD TO CHARGES BY EITHER SIDE OF
INFRINGEMENT OF "PEACE AGREEMENT." THIS PERTAINS
ESPECIALLY TO JOINT ECONOMIC VENTURES WHICH MIGHT LATER
PROVE INFEASIBLE. SECONDLY, ELARABY EXPLAINED THAT
EGYPTIANS DO NOT WANT AGREEMENT TO ESTABLISH ANY PREFER-
ENTIAL OR SPECIAL TREATMENT ARRANGEMENTS FOR
ISRAEL. THESE MMY (AND PROBABLY WILL) COME AS PART OF
IMPLEMENTATION OF AGREEMENT, BUT THEY SHOULD NOT BE
SPELLED OUT IN ADVANCE. GOE WANTS TO ESTABLISH RELATIONS
WITH ISRAEL ON AN "EVEN BASIS" IN BEGINNING. HE REPEATED
FACT THAT GOE WOULD HAVE NO PROBLEM SELLING OIL TO ISRAEL.
IN THIS CONTEXT COOPERATION IN NATURAL RESOURCES IN SINAI
WOULD BE DECIDED. ELARABY DID NOT MENTION NEPTUNE,
WESTERN DESERT OR MONCRIEF, BUT UNDER GUIDELINES ABOVE,
GOE WOULD NOT CONSIDER PROBLEMS ASSOCIATED WITH THOSE
FIRMS UNTIL AFTER PEACE AGREEMENT IMPLEMENTED.

3. COMMENT: ELARABY'S EXPOSITION PARALLELS THAT OF
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PRESIDENT SADAT AND MINPET HILAL (SEE REFS) BUT PUTS
SHARPER FOCUS ON POLICY QUESTION THAT WILL FACE EGYPTIAN
AND ISRAELI NEGOTIATIONS WHEN QUESTION OF ISRAELI ENERGY
SUPPLIES ARISES. EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRODUCTION, PETROLEUM INDUSTRY, FOREIGN POLICY POSITION, BUFFER AREAS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CAIRO06032
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780087-1260
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780218/aaaaapad.tel
Line Count: 98
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7bd938d0-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 CAIRO 3308, 78 CAIRO 5069
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3492107
Secure: OPEN
Status: NATIVE
Subject: SINAI RESOURCES - FURTHER EGYPTIAN VIEWS
TAGS: PFOR, ENRG, EG, IS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7bd938d0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014